



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

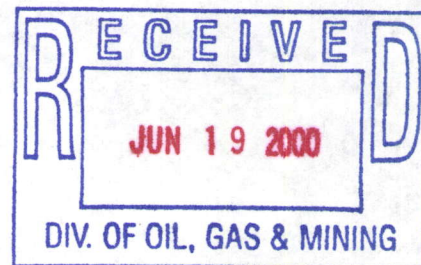
David T. Terry
Director

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June 15, 2000

American Gilsonite Company
Bonanza Minesite
HC 73 Box 28
Vernal, Utah 84078 - 9284

Attn: Neldon Kunz, Mine Supt.



Re: Bond (Certificate of Deposit) Transfer from Gilsonite Lease ML 31999 to ML 851

Dear Mr.

The School and Institutional Trust Lands Administration ("Trust Lands Administration") is in receipt of your letter, dated June 9, 2000 requesting a transfer of a reclamation bond from ML 31999 to ML 851. Because there was some question as to whether the bond in question was a certificate of deposit or an actual reclamation bond I searched the certificates of deposits and bonding documents which are kept at the Trust Lands Administration and was unable to located any such document. Through a related lease file I discovered documentation that the bond which is referenced in the computer system and in the lease file as an active bond was in fact released on August 2, 1982. Therefore there is no bond to transfer to cover development on ML 851. I apologize for not discovering this error earlier. Knowing that American Gilsonite is diligently engaging in mine development on ML 851 I would suggest that American Gilsonite secure a certificate of deposit in the amount of \$5,000.00 that can be put in as reclamation surety for the mine development. The certificate of deposit must be in the name of the School and Institutional Trust Lands Administration and Lessee, with three signatures required, two signatures will be those of the Trust Lands Administration and one of the Lessee's. Two signatures will be required to redeem on the certificate of deposit. The certificate of deposit must be issued by an approved state or federally insured banking institution registered in Utah. The certificate must have a maturity date no greater than 12 months, be automatically renewable and be deposited with the Trust Lands Administration.

If you have any questions please feel free to call me at (801) 538-5153.

Sincerely,

William M. Stokes
Minerals Resource Specialist

cc: Tony Gallegos, DOGM